

Uttlesford District Council

Performance and Audit

Date: Thursday, 11 February 2016
Time: 19:30
Venue: Committee Room
Address: Council Offices, London Road, Saffron Walden, CB11 4ER

Members: Councillors G Barker, M Foley, J Freeman, J Gordon, D Jones, N Hargreaves, T Knight, B Light, J Loughlin and E Oliver (Chairman).

Public Speaking

At the start of the meeting there will be an opportunity of up to 15 minutes for members of the public to ask questions and make statements subject to having given notice by 12 noon two working days' before the meeting.

AGENDA PART 1

Open to Public and Press

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10 Any other items which the Chairman considers to be urgent

MEETINGS AND THE PUBLIC

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The agenda is split into two parts. Most of the business is dealt with in Part 1 which is open to the public. Part II includes items which may be discussed in the absence of the press or public, as they deal with information which is personal or sensitive for some other reason. You will be asked to leave the meeting before Part II items are discussed.

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PERFORMANCE AND AUDIT COMMITTEE MEETING held at COUNCIL OFFICES LONDON ROAD SAFFRON WALDEN on 19 NOVEMBER 2015 at 7.30pm

Present: Councillor E Oliver – Chairman
Councillors G Barker, J Freeman, J Gordon, D Jones, T Knight, B Light and J Loughlin.

Also present: Councillor S Howell (Cabinet member for Finance)
Debbie Hanson (Audit Director – EY) and Jo Wardle (Audit Manager – EY).

Officers in attendance: J Mitchell (Chief Executive), R Auty (Assistant Director – Corporate Services), S Bronson (Audit Manager), M Cox (Democratic Services Officer), A Webb (Director of Finance and Corporate Services).

PA19 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Foley and Hargreaves.

Councillor Jones declared a non-pecuniary interest as he was a member of the Essex Pension Fund.

PA20 MINUTES

The minutes of the meeting held on 24 September 2015 were received and signed by the Chairman as a correct record subject to the correction of minute PA18 to refer to 2015/16 rather than 2014/15.

PA21 MATTERS ARISING

i) Minute PA16 – Statement of Accounts

Councillor Jones asked whether the expected rate of return for the pension fund was still 14% as stated in the minute. The Assistant Director - Finance had supplied a statement which said that rate of return was for the Assets only and was not a fixed rate figure, being 8% at 31st March 2014 and 14% at 31st March 2015. It was difficult to predict the movements year on year as the fund was run independently by Essex and involved high value and complex investments. Some of the investments were based on long term return and the rate of return was also dependant on the current economy and would move accordingly based on the annual economic outturn.

ii) **Minute PA14 – Annual Governance Statement**

The Audit Manager confirmed that information about allegations of breaches of the Code of Conduct would be included in the Annual Governance Statement when it was prepared next year.

PA22 **ANNUAL AUDIT LETTER 2014/15**

Debbie Hanson presented the Annual Audit letter. This communicated to the public the key issues arising from the work on the 2014/15 audit, which had been reported to the meeting on 24 September. It was a positive letter referring to the unqualified opinion on the financial statements and the appropriate arrangements that had been made to secure value for money. Good quality accounts had been prepared and she thanked officers for their assistance during the course of this work.

The letter included an additional section looking ahead to the changes in accounting and auditing requirements, which would impact on the future production of accounting statements.

On this matter the Director of Finance and Corporate Services said that the council was aware of the implications of the changes to local authority accounting to be implemented from 1 April 2016 and was waiting for further government guidance, particularly in relation to the requirement to account for infrastructure assets under depreciated historic cost. Officers were looking at changes in practice to achieve the requirement to produce the 2017/18 accounts at the earlier date of 31 May and progress towards this had been achieved with the completion of the 2014/15 accounts by 15 June 2015.

The report was noted.

PA23 **AUDIT FEE LETTER 2014-15**

The committee noted the confirmation of the audit fee for 2014/15. This was in line with the agreed scale fee for the main audit work. The work on the housing benefit claim had not yet been completed and would be charged separately in January.

PA24 **AUDIT COMMITTEE BRIEFING**

The committee noted a report by EY which highlighted current issues that might have an impact on the authority.

There was mention of the living wage, and it was confirmed that the council was already paying the amount specified by the Living Wage Foundation to staff and third parties. There had as yet been no announcement about the proposed Government national living wage.

There was a new requirement for local authorities to produce a narrative report on its financial performance and use of resources. The council was in the process of looking at an appropriate format.

It was noted that the current contract with EY would end in 2017. The Council would need a new contract for its external auditors and was looking at the possibility of a joint procurement with other local authorities.

The Chairman said that this was Debbie Hanson's last meeting. He thanked her for all the work she had done over the past few years and wished her success in her new position.

PA25 **INTERNAL AUDIT PROGRESS REPORT**

The Audit Manager presented the report which detailed the work undertaken by Internal Audit since 30 July 2015, an update on implemented and outstanding recommendations and an outline of the programme for the remainder of the financial year.

PA26 **INTERNAL AUDIT COUNTER FRAUD AND CORRUPTION WORK**

The committee considered a report which gave details of the counter fraud and corruption work undertaken by the council's internal audit section since the last report to the committee.

In relation to a question about the National Fraud Initiative, the Audit Manager explained that this was a national data matching exercise which compared information held by 1300 organisations to identify potential fraudulent claims. The recent exercise had identified 375 potential fraud matches but after more detailed investigation only four cases of fraud had been found.

Councillor Jones referred to a letter about entitlement to single person's council tax discount, which had been sent out by Civica on behalf of the council. Although he understood the need to seek supporting information, he was concerned at the threatening tone of the letter and a lack of transparency that the letter came from UDC. He was advised that the letter had been revised in the light of comments made but it was necessary to obtain specific personal details in order to assess entitlement, as this area was particularly susceptible to fraud. It was also noted that there had been a press campaign around this letter and an amnesty period for claimants.

The report was noted.

PA27 **QUARTER 2 PERFORMANCE 2015/16**

The committee considered a report presenting the Q2 results for all quarterly-reported Key Performance Indicators and Performance Indicators.

KPI 15 – number of return visits to collect bins that have been missed on the first visit

The report included an update from the Director of Public Services which explained the increased figure to 319 this quarter. There had been high levels of sickness and annual leave which has resulted in the use of agency staff but there had been a lack of suitable drivers to meet the demand. Alongside this changes to the collection system phased in from Q2 were still bedding in. Also there had been a number of vehicle breakdowns during this period. To mitigate this, procurement arrangements were being reviewed to obtain more suitable agency staff and there would be a programme to train loaders as drivers. There would be a phased approach to repair and maintenance and for the replacement of vehicles.

Members felt that the district's waste and recycling service provided an excellent service and the indicator represented a challenging target. It was noted that even with the increase in the number of bins missed this quarter the collection rate was 99.68% compared with the target of 99.96%

KPI03 – percentage of non-domestic rates collected

The figures had been distorted due to the delay in the payment of the instalment from Stansted Airport and Diamond Hanger but should be back on target by the end of the financial year.

KPI107 a/b – Average number of days lost per employee through long term/short term sickness.

The long term sickness figure, although still showing a red indicator, was being addressed. Members referred to a recent opinion that a number of periods of short term sickness were more disruptive to the business than long term absence. This area would continue to be monitored by the management team.

KPI 09 – number of accidents reportable under RIDDOR

Some members had mentioned that they had seen some of the crews running whilst on their rounds. This was something that should be addressed with the crews as a potentially dangerous activity.

PI 14a – Number of people presenting as homeless

PI 14b – The number of cases where positive intervention by the council prevented homelessness.

The committee felt that it was not appropriate for this area to be reported as quarterly performance statistics. The homelessness issue was already discussed at the Housing Board and it was agreed that a quarterly summary of the homelessness performance data should be circulated with the Members' bulletin from Q3 onwards. The figures would still be reported to the management team as local indicators.

QUARTER 2 CORPORATE RISK REGISTER 2015/16

The committee considered a report presenting the Corporate Risk Register as at the end of quarter 2 2015/16. Two new risks had been added in relation to the council's position around the proposed Greater Essex devolution.

Risk 15-CR-06 – the council does not demonstrate how consultation responses have been taken into account

Councillor Light was concerned that the Community Engagement Group set up a number of months ago had not yet met, particularly as the council was entering a critical period of public engagement. The Chief Executive said that this was a Member led group but he would pass these concerns to the chairman of the group.

Risk 15-CR-09 – Inability to implement the economic strategy

It was explained that reference to broadband options being difficult to progress referred to lack of cooperation of owners of tall structures where aerials could be placed. The council was exploring alternative ways of reaching communities in these areas.

Risk 15-CR-16 - Potential breaches of planning control

The Chief Executive answered concerns about the statement that 'the enforcement service is almost entirely reactive'. He said that given the available resources, this was a reasonable approach to take but it was important that the complaints were acted upon.

Risk 15-CR-19- Aspirations of airport owners conflict with the council's views.

A member asked how this risk related to further development at the airport. It was explained that the airport was yet to trigger the permission for between 25 – 35 mppa. Part of this permission would be the service access strategies, which would be considered by the council.

CHAIRMAN'S URGENT ITEMS

The Chairman said there was an opportunity to provide training for members of the committee and it was agreed to find a convenient date in January 2016.

There would also be the annual Performance and Audit Committee self-assessment day in April, which all members would be invited to attend.

The meeting ended at 8.15pm.

ACTION POINTS

Minute PA27 Q2 Performance	KPI 09 – Accidents under RIDDAR The Assistant Director Corporate Services to ask the Director of Public Services to highlight the danger of running during rounds to the crews of the waste and recycling service.
	KPI 14a & 14b – Homelessness performance Indicators The Assistant Director Corporate Services to remove the indicators from the quarterly performance statistics and advise the appropriate departments of the revised arrangements.
Minute PA16 Risk 15-CR-O6	The Chief Executive to speak to the Chairman of the Community Engagement Group about arranging a meeting.
Minute PA17 – chairman’s urgent items	The Audit Manager/Assistant Director Corporate Services to circulate dates for committee training in January 2016.

Committee: Performance and Audit

Agenda Item

Date: 11 February 2016

4

Title: Audit Plan 2015/16

Author: EY

Item for information

Summary

1. The attached Audit Plan sets out how EY intends to carry out its responsibilities as auditor. It summarises an initial assessment of key risks and outlines the planned audit strategy in response to those risks.

Uttlesford District Council

Year ending 31 March 2016

Audit Plan

3 February 2016

Ernst & Young LLP



Performance and Audit Committee
Uttlesford District Council
London Road
Saffron Walden
Essex CB11 4ER

3 February 2016

Dear Committee Members

Audit Plan – 2015/16

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Performance and Audit Committee with a basis to review our proposed audit approach and scope for the 2015/16 audit in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, Standing Guidance, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this Audit Plan with you on 11 February 2016 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Mark Hodgson

Executive Director
For and behalf of Ernst & Young LLP
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In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies 2015-16’. It is available from the Chief Executive of each audited body and via the [PSAA website \(www.psa.co.uk\)](http://www.psa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

1. Overview

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ our audit opinion on whether the financial statements of Uttlesford District Council give a true and fair view of the financial position as at 31 March 2016 and of the income and expenditure for the year then ended;
- ▶ a statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness;

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

When planning the audit we take into account several key inputs:

- ▶ strategic, operational and financial risks relevant to the financial statements;
- ▶ developments in financial reporting and auditing standards;
- ▶ the quality of systems and processes;
- ▶ changes in the business and regulatory environment; and
- ▶ management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter. By focusing on the areas that matter, our feedback is more likely to be relevant to the Council.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

In parts three and four of this plan we provide more detail on the above areas and we outline our plans to address them. Our proposed audit process and strategy are summarised below and set out in more detail in section five.

We will provide an update to the Performance and Audit Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in September 2016.

2. Financial statement risks

We outline below our assessment of the financial statement risks facing the Council, identified through our knowledge of the Council's operations and discussion with those charged with governance and officers.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
Risk of fraud in revenue recognition	
<p>Under ISA240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue.</p> <p>In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.</p>	<p>We will</p> <ul style="list-style-type: none"> ▶ Review and test revenue and expenditure recognition policies ▶ Review and discuss with management any accounting estimates on revenue or expenditure recognition for evidence of bias ▶ Develop a testing strategy to test material revenue and expenditure streams ▶ Review and test revenue cut-off at the period end date; and ▶ Review and test Capital spend and Housing Repairs spend to ensure the appropriateness of capital/revenue coding.
Risk of management override	
<p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements ▶ Reviewing accounting estimates for evidence of management bias, and ▶ Evaluating the business rationale for significant unusual transactions.
Other financial statement risks	
Provision for Business Rates Appeals	
<p>In 2013/14 the Council was required to calculate a provision for business rate appeals for the first time. We found that the council had developed an appropriate methodology for the estimate once they had included the need for consideration of future appeals not yet lodged.</p> <p>This methodology needs to be reassessed to ensure that the assumptions made remain appropriate to prepare a reliable estimate.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ We will review the Council's provision for business rate appeals to ensure it has been calculated on a reasonable basis in line with IAS 37 and that the assumptions underlying the estimate are reasonable. <p>As part of this we will ensure the provision is supported by appropriate evidence and that any level of estimation uncertainty is adequately disclosed in the accounts.</p>
Property Asset Valuations	
<p>Due to the complexity in accounting for property, plant and equipment, the cyclical approach to valuations, and the material values involved, there is a higher risk that asset valuations contain material misstatements.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> ▶ Reliance on management's experts and review of the instructions given to that valuer ▶ Consideration of the accounting treatments and basis of valuation as required by the Code ▶ Test of detail if required ▶ Test of the journals and derivation of accounting entries.

2.1 Responsibilities in respect of fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ Identifying fraud risks during the planning stages;
- ▶ Enquiry of management about risks of fraud and the controls to address those risks;
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Determining an appropriate strategy to address any identified risks of fraud, and,
- ▶ Performing mandatory procedures regardless of specifically identified risks.

3. Value for money risks

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

For 2015/16 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. This has not identified any risks which we view as relevant to our value for money conclusion.

4. Our audit process and strategy

4.1 Objective and scope of our audit

Under the Code of Audit Practice our principal objectives are to review and report on the Council's:

- ▶ Financial statements
- ▶ Arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

Alongside our audit report, we also:

- ▶ Review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require;
- 2. **Arrangements for securing economy, efficiency and effectiveness (value for money)**

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

4.2 Audit process overview

To the fullest extent permissible by auditing standards, we intend to consider internal audit's work in documenting your financial systems and controls. This will enable us to more efficiently update our understanding of your systems and carry out the walkthrough of those systems as required under auditing standards. Our intention is to carry out a fully substantive audit in 2014/15 rather than rely on the operation of controls as we believe this to be a more efficient approach.

Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular the Financial Ledger and Payroll. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

Internal audit

As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our audit strategy where these reports raise issues that could have an impact on the year-end financial statements. We will review internal audit documentation of key transaction streams to assist with our requirement to understand your systems and walk through key controls. We will also consider internal audit work as part of our review of the Council's Governance Statement.

Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit:

Area	Specialists
Property Plant & Equipment	Wilkes Head and Eve (Valuers)
NNDR Appeals Provision	Inform CPI (Business Rates Expert)
Pension	Barnett Waddingham (LGPS review)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's environment and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the expert to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

4.3 Mandatory audit procedures required by auditing standards and the Code

As well as the financial statement risks (section two) and value for money risks (section three), we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

Procedures required by standards

- ▶ Addressing the risk of fraud and error;
- ▶ Significant disclosures included in the financial statements;
- ▶ Entity-wide controls;
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements;
- ▶ Auditor independence.

Procedures required by the Code

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement
- ▶ Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO

Finally, we are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014.

4.4 Materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We have determined that overall materiality for the financial statements of the Council is £1.060 million based on 2% of gross operating expenditure.

We will communicate uncorrected audit misstatements greater than £0.053 million to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

4.5 Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code. The indicative fee scale for the audit of Uttlesford District Council is £52,916.

4.6 Your audit team

The engagement team is led Mark Hodgson, who has significant experience Local Government Audit but is new to Uttlesford DC. Mark is supported by Jo Wardle who is responsible for the day-to-day direction of audit work and is the key point of contact for the Director of Finance and Corporate Services

4.7 Timetable of communication, deliverables and insights

We have set out below a timetable showing the key stages of the audit, including the value for money work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the Performance and Audit Committee's cycle in 2015/16. These dates are determined to ensure our alignment with PSAA's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Performance and Audit Committee and we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.

Audit phase	Timetable	Audit Committee timetable	Deliverables
High level planning:	April 2015		Audit Fee letter (2015/16)
Risk assessment and setting of scopes	December 2015 to February 2016	February 2016	Audit Plan
Testing of routine processes and performing walkthroughs	December 15 to March 2016	July 2016	Progress Report
Year-end audit	July 16 to September 2016	September 2016	Report to those charged with governance via the Audit Results Report. Audit report (including our opinion on the financial statements and a conclusion as to whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.) Reporting to the NAO on the Whole of Government Accounts return. Audit completion certificate
Conclusion of reporting	October 2016	November 2016	Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

5. Independence

5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> ▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us; ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review; ▶ The overall assessment of threats and safeguards; ▶ Information about the general policies and process within EY to maintain objectivity and independence. 	<ul style="list-style-type: none"> ▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ▶ Details of non-audit services provided and the fees charged in relation thereto; ▶ Written confirmation that we are independent; ▶ Details of any inconsistencies between APB Ethical Standards, the Audit Commission's Standing Guidance and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and ▶ An opportunity to discuss auditor independence issues.

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal to provide non-audit services;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period are disclosed, analysed in appropriate categories.

5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

Self-review threats

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no other self-review threats at the date of this report

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Debbie Hanson, your audit engagement Director and the audit engagement team have not been compromised.

5.3 Other required communications

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended June 2015 and can be found here:

<http://www.ey.com/UK/en/About-us/EY-UK-Transparency-Report-2015>

Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2015/16 £	Scale fee 2014/15 £	Outturn fee 2014/15 £	Explanation
Opinion Audit and VFM Conclusion	52,916	70,554	70,554	
Total Audit Fee – Code work	52,916	70,554	70,554	
Certification of claims and returns ¹	22,808	21,040	25,903	2014/15 outturn was higher than the published scale fee due to additional work on the Housing Benefit Claim (£4,863).

All fees exclude VAT.

The agreed fee presented above is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ The operating effectiveness of the internal controls for the key processes outlined in section 4.2;
- ▶ We can rely on the work of internal audit as planned;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council ; and
- ▶ The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

¹ Our fee for the certification of grant claims is based on the indicative scale fee set by the PSAA.

Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Performance and Audit Committee. These are detailed here:

Required communication	Reference
<p>Planning and audit approach Communication of the planned scope and timing of the audit including any limitations.</p>	Audit Plan
<p>Significant findings from the audit</p> <ul style="list-style-type: none"> ▶ our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ significant difficulties, if any, encountered during the audit ▶ significant matters, if any, arising from the audit that were discussed with management ▶ written representations that we are seeking ▶ expected modifications to the audit report ▶ other matters if any, significant to the oversight of the financial reporting process 	Report to those charged with governance
<p>Misstatements</p> <ul style="list-style-type: none"> ▶ uncorrected misstatements and their effect on our audit opinion ▶ the effect of uncorrected misstatements related to prior periods ▶ a request that any uncorrected misstatement be corrected ▶ in writing, corrected misstatements that are significant 	Report to those charged with governance
<p>Fraud</p> <ul style="list-style-type: none"> ▶ enquiries of the Performance and Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ a discussion of any other matters related to fraud 	Report to those charged with governance
<p>Related parties Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ non-disclosure by management ▶ inappropriate authorisation and approval of transactions ▶ disagreement over disclosures ▶ non-compliance with laws and regulations ▶ difficulty in identifying the party that ultimately controls the entity 	Report to those charged with governance
<p>External confirmations</p> <ul style="list-style-type: none"> ▶ management's refusal for us to request confirmations ▶ inability to obtain relevant and reliable audit evidence from other procedures 	Report to those charged with governance
<p>Consideration of laws and regulations</p> <ul style="list-style-type: none"> ▶ audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off ▶ enquiry of the Performance and Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Performance and Audit Committee may be aware of. 	Report to those charged with governance
<p>Independence Communication of all significant facts and matters that bear on EY's objectivity and independence Communication of key elements of the audit engagement director's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ the principal threats ▶ safeguards adopted and their effectiveness ▶ an overall assessment of threats and safeguards ▶ information about the general policies and process within the firm to maintain objectivity and independence 	Audit Plan Report to those charged with governance

Required communication	Reference
<p>Going concern</p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ whether the events or conditions constitute a material uncertainty ▶ whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ the adequacy of related disclosures in the financial statements 	<p>Report to those charged with governance</p>
<p>Significant deficiencies in internal controls identified during the audit</p>	<p>Report to those charged with governance</p>
<p>Fee Information</p> <ul style="list-style-type: none"> ▶ breakdown of fee information at the agreement of the initial audit plan ▶ breakdown of fee information at the completion of the audit 	<p>Audit Plan</p> <p>Report to those charged with governance</p> <p>Annual Audit Letter if considered necessary</p>
<p>Certification work</p> <ul style="list-style-type: none"> ▶ Summary of certification work undertaken 	<p>Annual Report to those charged with governance summarising grant certification, and Annual Audit Letter if considered necessary</p>

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Committee: Performance and Audit

Agenda Item

Date: 11 February 2016

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Title: Certification of Claims and Returns Annual Report 2014-15

Author: EY

Item for information

Summary

1. This report summarises the results of EY's work on Uttlesford District Council's claims and returns.

Certification of claims and returns annual report 2014-15

Uttlesford District Council

December 2015

Ernst & Young LLP



The Members of the Performance and Audit Committee
Uttlesford District Council
Council Offices
London Road
Saffron Walden
CB11 4ER

22 December 2015

Ref: UDC2015

Mobile: 07974 006715

Email: dhanson@uk.ey.com

Dear Members

Certification of claims and returns annual report 2014-15 Uttlesford District Council

This report summarises the results of our work on Uttlesford Council's 2014-15 claims and returns.

Scope of work

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

Under section 28 of the Audit Commission Act 1998, as transitionally saved, the Audit Commission made arrangements for certifying claims and returns in respect of the 2014-15 financial year. These arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

Statement of responsibilities

The Audit Commission's 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities) applied to this work. It serves as the formal terms of engagement between ourselves as your appointed auditor and the Council as audited body.

This report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the Council. As appointed auditor we take no responsibility to any third party.

Summary

Section 1 of this report outlines the results of our 2014-15 certification work and highlights the significant issues.

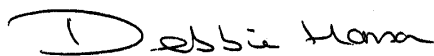
We checked and certified the housing benefits subsidy claim with a total value of £16.8 million. We met submission deadline and issued a qualification letter in relation to the housing benefit claim which detailed a number of issues identified as a result of our work. A copy of the qualification letter is included in Appendix A. Our certification work found some errors which the Council corrected. The amendments had a marginal effect on the grant due, increasing subsidy due to the Council by £2,087.

We made a number of recommendations in relation to the housing benefit claim following the completion of our audit last year. Remedial work to address our findings has been underway during the year and aimed to ensure improvements were made in 2014-15. We are pleased to report that we identified considerable improvement in the accuracy of claims processing. Although, errors were still identified these were on the whole lower in value and number and consequently had a much smaller impact on the final subsidy claimed. Further details of our findings are included in section 1 of this report.

Fees for certification work are summarised in section 2. The fees for 2014-15 were published by the Audit Commission on 27 March 2014 and are now available on the Public Sector Audit Appointments Ltd (PSAA's) website (www.psaa.co.uk). The additional fee of £4,863 we have proposed for the 2014-15 housing benefit work has been agreed with the Director of Finance and Corporate Services and is now subject to approval by PSAA.

We welcome the opportunity to discuss the contents of this report with you at the next Performance and Audit committee.

Yours faithfully



Debbie Hanson
Director
Ernst & Young LLP
Enc

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1. Housing benefits subsidy claim

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

Details of the audit work undertaken in relation to this claim and our findings are summarised below:

Scope of work	Results
Value of claim presented for certification	£16,786,500
Amended	Yes - certified claim increased by £2,087 to £16,788,587
Qualification letter	Yes
Fee - 2014-15 (actual)	25,903 (inc £4,863 additional fee)
Fee - 2013-14 (actual)	£31,411 (inc £12,198 additional fee).
Fee - 2012-13 (actual)	£51,157 (inc £32,257 additional fee)
Fee - 2011-12 (actual)	£34,410
Recommendations from 2013-14:	Findings in 2014-15
<p>Our work identified a number of areas for improvement. Recommendations included;</p> <ul style="list-style-type: none"> • Implement a continuous review of the remedial arrangements put in place; • Introduce regular feedback from the review process to assessors. • Develop clear reporting and regular monitoring arrangements. • Ensure direct management oversight and regular reporting to the Audit and Performance Committee 	<p>Our audit work identified a smaller number of errors as outlined below and in Appendix A.</p> <p>Our findings therefore indicate that remedial work undertaken to address the recommendations made in previous years is having a positive impact. We recommend that this work continues to ensure improvements achieved to date are embedded and further improvements in the accuracy of processing achieved.</p>

Members will note that our findings, as set out in this section of the report, represent a considerable improvement from the previous year. This reflects the remedial work, which commenced in January 2014, to address the 2012-13 findings and has included; additional checking of all new claims and claims with state pensions, checking of 10% of claims with earned income, review of procedures, on the job training and reminders for claim assessors and additional resources dedicated to review. This, along with a continuous review of arrangements and feedback from the review process, has ensured that improved accuracy of assessment has been achieved.

Our audit of the housing benefit claim is undertaken in line with the approach agreed with the DWP, which requires detailed testing of individual benefit cases. The certification guidance also requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of

previous years' claims. We found errors in several areas and were therefore required to carry out extended testing in a number of areas.

Extended and other testing also identified errors which the Council amended. These changes had a small net impact on the claim, increasing the overall subsidy amount due to the Council by £2,087.

We reported underpayments, uncertainties and the extrapolated value of other errors in our qualification letter to the DWP, which is attached at Appendix A. The DWP decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid on the basis of the extrapolated figures reported in the qualification letter.

The main issues we identified from our initial testing in 2014-15 were:

- Income assessment errors – as a result we undertook extended testing for non HRA rent rebates (6 cases), rent rebates (40 cases) and rent allowances (40 cases);
- Misclassification of overpayments as eligible rather than due to administrative delay – as a result we undertook extended testing for rent rebates (40 cases) and rent allowances (40 cases)
- Modified scheme errors – we undertook extended testing of all 10 modified scheme cases
- Errors within manual adjustments – as a result we undertook additional testing of 10% of manual adjustments

In addition, based on previous years' findings we also undertook the following additional testing:

- Incorrect start date – we undertook extended testing on the sub population of new claims (40 cases);
- 15 weeks protected period awarded rather than the permitted 13 weeks – we undertook extended testing on the sub population of cases awarded a protected period (40 cases)

We agreed with the Council that the benefits team would perform most of this additional testing and we would re-perform a sample of the cases to confirm we could place reliance on the Council's work. The outcome of this additional testing and the potential impact on the Council's claim is documented within the qualification letter to the DWP and attached at Appendix A. We would note that the quality of the 40+ testing undertaken by the Council's team was much improved this year and we were able to place full reliance on it.

Members may wish to note that although the individual errors identified as a result of audit are generally small, under the requirements of the Certification Instruction there is no materiality applied to our work on the claim and every error above rounding has to be reported. The errors identified from the sample testing are extrapolated across the total population of cases in our reporting to the DWP. Consequently a small error on individual cases can result in a larger extrapolated error, and potential recovery of subsidy paid to the Council by the DWP.

2. 2014-15 certification fees

The Audit Commission determines a scale fee each year for the audit of claims and returns. For 2014-15, these scale fees were published by the Audit Commission on 27 March 2014 and are now available on the PSAA's website (www.psa.co.uk).

Claim or return	2013-14	2014-15	2014-15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	£30,411	£21,040	25,903
Total	£30,411	£21,040	25,903

There is a reduction in the actual fee compared to 2013-14 which reflects the improved accuracy of processing within the benefits team.

We have however proposed a scale fee variation of £4,863 in addition to the indicative scale fee of £21,040. The proposed variation reflects the additional testing undertaken as part of the certification of the claim, as set out in this report.

3. Other assurance work

During 2014-15 we also acted as reporting accountants in relation to the following scheme:

- ▶ Housing pooling return.

This work has been undertaken outside the Audit Commission/PSAA regime, and the fees for this are not included in the figures included above. It is referred to here for completeness to ensure to ensure Members have a full understanding of the various returns on which we provide some form of assurance. We did not identify any significant issues as part of this work that need to be brought to the attention of Members. We have provided a separate report to the Council in relation to this return.

4. Looking forward

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2015-16 is £22,808. This was prescribed by PSAA in April 2015, based on no changes to the work programme for 2015/16. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2013/14.

Details of individual indicative fees are available at the following web address:
<http://www.psaa.co.uk/audit-and-certification-fees/201516-work-programme-and-scales-of-fees/individual-fees-for-local-government-bodies>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Director of Finance and Corporate Services before seeking any such variation.

5. Summary of recommendations

This section highlights the recommendations from our work and the actions agreed.

Recommendation	Priority	Agreed action and comment	Deadline	Responsible officer
Housing benefits subsidy claim				
Continue with the agreed actions taken to address the recommendations made in previous years	High	The previous agreed actions have provided positive results and provided a strong base for reducing the error rate. We will continue to work with and develop the process' in place	Ongoing	Assistant Director of Finance

Appendix A: Housing benefits claim 2014-15 – Qualification Letter

Department for Work and Pensions
Housing Benefit Unit
Room B120D
Warbreck House
Blackpool
Lancashire
FY2 0UZ

Dear Sir / Madam

Uttlesford District Council
Housing Benefit & Council Tax Benefit claim for the year ended 31 March
2015 (Form MPF720A)
Qualification Letter referred to in the Auditor's Certificate dated 26
November 2015

Details of the matters giving rise to our qualification of the above claim are set out in the
Appendix to this letter.

The factual content of our qualification has been agreed with officers of the Authority.

No amendments have been made to the claim for the issues raised in this qualification
letter.

Yours faithfully

Debbie Hanson
Director
For and on behalf of Ernst & Young LLP
United Kingdom

Cell 11: Rent Rebates (Tenants of Non-HRA Properties) – Total expenditure (Benefit Granted)

Cell Total £51,642

Cell Population 34

Testing of the initial sample of 7 claims did not identify any cases with errors. However, based on last year's findings we tested the whole population for income assessment errors

Additional testing found 2 income assessment errors (value £10 underpayment):

- One error led to an underpayment (£10). As there is no eligibility to subsidy for benefit which has not been paid, this underpayment does not affect subsidy and has not been classified as an error for subsidy purposes.
- The second case with an income assessment error had no impact on entitlement.

Cell 55: Rent Rebates – Total expenditure (Benefit Granted)

Cell Total £6,959,291

Cell Population 1,817

Testing of the initial sample identified 4 cases with errors. These are separately shown below:

- 1 case where the authority had underpaid and overpaid benefit as a result of an income assessment error and where overpayments had been wrongly classified in cell 66 (technical) and should be in cell 67 (eligible).
- 3 cases where overpayments had been wrongly classified in cell 66 (technical) and should be in cell 67 (eligible).

Each of these error types is dealt with separately below.

Underpaid benefit

The initial sample found one case with an underpayment (total value £28).

Given the nature of the population, last year's findings and the income assessment error found, an additional random sample of 40 cases was selected from the headline cell.

The additional testing, identified a further 2 cases where benefit had been underpaid (total value £35) due to income assessment errors.

As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and has not, therefore, been classified as an error for subsidy purposes.

Overpaid benefit

Testing of the initial sample identified 1 case (total value £4) where the Authority had miscalculated the claimant's income. Failure to calculate the claimant's income correctly resulted in the overpayment of subsidy. The effect of this error is to overstate cell 61 with a corresponding understatement of LA overpayment error cell 65; there is no effect on cell 55.

Given the nature of the population, last year's findings and the errors found, an additional random sample of 40 cases was selected for testing from the headline cell. The additional testing identified a further 4 cases (total value £631) where the Authority had overpaid benefit, as a result of income assessment errors. The effect of the errors is to overstate cell 61 with a corresponding understatement of LA error overpayments cell 65; there is no effect on cell 055.

The result of my testing is set out in the table below:

Sample:	Movement / brief note of error:	Headline Cell:	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if cell adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Initial sample - 20 cases	income assessment errors	£6,959,291	(£4)	£79,907			
Drill down sample - 40 cases	income assessment errors	£6,959,291	(£631)	£145,074			
Combined sample - 60 cases	income assessment errors	£6,959,291	(£635)	£224,981	(0.282%)	(£19,625)	
Adjustment	Cell 61 is overstated.	£6,959,291	(£635)	£224,981	(0.282%)	(£19,625)	
Total Corresponding adjustment	Total understatement of cell 65.					£19,625	

The percentage error rate in our sample reflects the individual cases selected. The value of the errors found range from £1 to £284 and the benefit periods range from 1 week to 49 weeks. Similar findings were included in my qualification letter last year.

Given the nature of the population it is unlikely that even significant additional work will result in amendments to the claim form that will allow us to conclude that it is fairly stated.

Misclassified Technical overpayments

The initial sample found four cases with a misclassification of overpayment (total value £26). As the Authority receive no subsidy on technical overpayments this error will always result in an under claim of subsidy and therefore no further testing has been taken.

Cell 67: Rent Rebates – Eligible Overpayments (Current Year)
 Cell Total £46,620
 Cell Population 375

Our initial testing of claims in Cell 55 did not identify any eligible overpayment misclassifications. However based on our audit knowledge from the prior year an additional random sample of 40 cases with overpayments was selected for testing from cell 67.

Additional testing identified 2 cases where overpayments had been misclassified in cell 67 eligible excess (£28), which should have been classified as: LA error and administrative delay in cell 65 (£28),

The result of my testing is set out in the table below:

Sample:	Movement / brief note of error:	Original cell total:	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if cell adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Initial sample -	Misclassification of overpayment	£46,620	(£0)	£392			
Drill down sample - 40 cases	Misclassification of overpayment	£46,620	(£28)	£8,091			
Combined sample – 60 cases	Misclassification of overpayment	£46,620	(£28)	£8,483	(0.33%)	(£154)	
Adjustment	Cell 65 is understated.	£46,620	£28	£8,483	(0.33%)	£154	
Total Corresponding adjustment	Total overstatement of cell 67.					(£154)	

The percentage error rate in my sample reflects the individual cases selected. The value of the errors found range from £1 to £28 and the benefit period was 1 week. Similar findings were included in my qualification letter last year.

Given the nature of the population and the variation in the errors found it is unlikely that even significant additional work will result in an amendment to this cell that will allow me to conclude it is fairly stated.

Cell 94: Rent Allowances – Total expenditure (Benefit Granted)
 Cell Total £9,953,978
 Cell Population 2,185

Testing of the initial sample identified 2 cases with errors:

- 1 cases where the Authority had overpaid benefit as a result of error in calculation of earnings,
- 1 case with overpaid benefit as a result of error in assessing tax credits and an error in assessing capital which did not impact on entitlement.

Overpaid benefit

Two income assessment errors (total value £6). Failure to calculate the claimant's income correctly results in the overpayment of benefit. The effect of this error is to overstate cell 102 (£1) and overstate cell 103 (£5) with a corresponding understatement of LA overpayment cell 113 (£6); there is no effect on cell 94.

An additional random sample of 40 cases was selected for testing from the subpopulation of cases where there is assessed income. The additional testing identified a further 6 cases (total value £334) where the Authority had overpaid benefit, as a result of income assessment errors. The effect of the errors is to overstate cell 102 (£309), cell 103 (£25) with a corresponding understatements of LA error overpayments cell 113 (£334); there is no effect on cell 094.

The results of my testing are set out in the table below:

Sample:	Movement / brief note of error:	Headline cell:	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if cell adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Initial sample - cases	income assessment errors	£9,953,978	£6	£97,577			
Drill down sample - 40	income assessment errors	£9,953,978	£334	£191,661			
Total – 60 cases	income assessment errors	£9,953,978	£340	£289,238	0.117%	(£11,646)	
Adjustment	Cell 102 is overstated	£9,953,978	£310	£289,238	0.107%	(£10,651)	
Adjustment	Cell 103 is overstated.	£9,953,978	£30	£289,238	0.010%	(£995)	
Total Corresponding adjustment	Total understatement of cell 113.					£11,646	

Similar findings were included in my qualification letters last year. The percentage error rate in our sample reflects the individual cases selected. The value of the errors range from £1 to £101 and the benefit periods range from 1 week to 15 weeks.

Given the nature of the population and the variation in the errors found, it is unlikely that even significant additional work will result in amendments to the claim form that will allow us to conclude that it is fairly stated

Underpaid benefit

Our initial testing did not identify any underpayments. Testing of an additional random sample of 40 cases, identified 9 cases where benefit had been underpaid (total value £1,510) due to income assessment errors.

As there is no eligibility to subsidy for benefit which has not been paid, the underpayment identified does not affect subsidy and has not, therefore, been classified as an error for subsidy purposes.

Overpaid benefit – incorrect start date

Last year’s testing identified benefit overpayments due to incorrect start dates. Therefore an additional random sample of 40 cases was selected for testing from a subpopulation of new claims. Our initial sample in 2014/15 did not identify any start date errors.

The additional testing identified 1 case (total value £14) where the Authority had overpaid benefit, as a result of an incorrect start date. The effect of the errors is to overstate cell 102 and understate LA overpayment error cell 113; there is no effect on cell 94.

The results of my testing are set out in the table below:

Incorrect start date: overpaid

Sample:	Movement / brief note of error:	Original cell total:	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if cell adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Drill down sample – 40	Incorrect start date	£9,953,978	(£14)	£114,393	0.012%	(£1,194)	
Adjustment	Cell 103 is overstated.					(£1,194)	
Total Corresponding adjustment	Total understatement of cell 113.					£1,194	

The percentage error rate in our sample reflects the individual cases selected. The value of the error was £14 and the benefit period was 1 day.

Given the nature of the population, it is unlikely that even significant additional work will result in amendments to the claim form that will allow us to conclude that it is fairly stated.

Other errors

In 2013/14 the claim was revised to exclude overpaid benefit where the Authority had applied a protection period for more than the 13 week protected period. Although our initial cell 94 testing for 2014/15 did not find any further errors, the Authority tested all claims in 2014/15 with the 13 week protected period indicator flagged. No errors were identified.

Cell 114: Rent Allowances – Eligible Overpayments (Current Year)
 Cell Total £147,696
 Cell Population 586

Our initial testing of claims in Cell 94 did not identify any eligible overpayment misclassifications. However based on our audit knowledge from the prior year an additional random sample of 40 cases with overpayments was selected for testing from cell 114.

Testing of an additional sample of 40 cases from cell 114 eligible excess overpayments, identified 5 cases where overpayments had been misclassified in cell 114 eligible excess (£403) which should have been classified as LA error and Administrative delay benefit in cell 113 overpayments.

The result of my testing is set out in the table below:

Sample:	Movement / brief note of error:	Original cell total:	Sample error:	Sample value:	Percentage error rate:	Cell adjustment:	Revised cell total if cell adjustment applied:
		[CT]	[SE]	[SV]	[SE/SV]	[SE/SV times CT]	[RA]
Initial sample -	Misclassification of overpayment	£147,696	£0	-£51			
Drill down sample - 40 cases	Misclassification of overpayment	£147,696	£403	£12,804			
Combined sample - 60 cases	Misclassification of overpayment	£147,696	£403	£12,753	3.16%	(£4,667)	
Adjustment	Cell 113 is understated.	£147,696				£4,667	
Total Corresponding adjustment	Total overstatement of cell 114.					(£4,667)	

The percentage error rate in our sample reflects the individual cases selected. The value of the errors range from £1 to £288 and the benefit periods range from 1 week to 9 weeks. Similar findings were included in my qualification letters last year.

Given the nature of the population and the variation in the errors found, it is unlikely that even significant additional work will result in amendments to the claim form that will allow us to conclude that it is fairly stated.

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Committee: PERFORMANCE & AUDIT COMMITTEE

Agenda Item

Date: 11 February 2016

6

**Title: Internal Audit Progress Report,
07 November 2015 to 29 January 2016**

**Author: Sheila Bronson, Internal Audit Manager
01799 510710**

Item for Information

Summary

1. To report to the Performance & Audit Committee details of work undertaken by Internal Audit since the last report to the Performance & Audit Committee on 19 November 2015 and to provide an update on implemented and outstanding internal audit recommendations.

Recommendations

2. That the Internal Audit Progress Report (07 November 2015 to 29 January 2016) be noted

Financial Implications

3. None. There are no costs associated with the recommendations.

Background Papers

4. None

Impact

- 5.

Communication/Consultation	The Internal Audit Work Programme 2015/16 referred to in this report has been approved by the Corporate Management Team and endorsed by the Performance & Audit Committee.
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none

Sustainability	none
Ward-specific impacts	none
Workforce/Workplace	none

Situation

6. The purpose of this report is to provide management and members with:
- i) Details of the work completed by Internal Audit since the last report to the Performance and Audit Committee at its meeting 19 November 2015;
 - ii) Performance against the Internal Audit Work Programme 2015/16;
 - iii) Details of risk level 3 and 4 highest priority recommendations implemented since the last report to Members;
 - iv) Details of any recommendations not implemented within the agreed timescale.

Work Undertaken by Internal Audit 07 November 2015 to 29 January 2016

7. Since the last report to the Committee:
- i) Between 07 November 2015 to 29 January 2016, 7 audits from the 2015/16 Internal Audit Work Programme were completed and final reports issued with a total of 11 recommendations made. The final audit reports have been copied to Performance & Audit Committee members and are available on the Council's Intranet. A summary of 2015/16 final reports issued is presented at Appendix A(i).
 - ii) Between 07 November 2015 to 29 January 2016 work has started on a further 7 audits from the 2015/16 Audit Programme; progress on the 2015/16 programme is presented at Appendix A(ii).

Audit Work Programme 2015/16

8. The Internal Audit Work Programme is a rolling programme of audit work expected to be undertaken during 2015/16 and, in accordance with the Internal Audit Strategy, was reviewed and updated in January 2016 to identify the scope of audit work to be undertaken during the final quarter of 2015/16.
9. The revised programme has been agreed with CMT at its meeting 27 January 2016 and is presented in Appendix A(ii).
10. There are 9 audits initially planned for 2015/16 which will be carried forward to the 2016/17 audit programme
- Fraud (non-corporate);
 - Recovery;
 - Treasury Management;
 - Business Continuity;

- Elections;
- Electoral Registration;
- Members' Allowances & Expenses;
- Partnerships;
- Equality & Diversity.

11. As of 29 January 2016, work has been undertaken on 28 out of the 31 planned audits, of these:

- i) 16 audits have been completed and Final Reports issued
- ii) 1 audit is at draft report stage
- iii) 11 audits are currently work in progress

Recommendations Implemented 07 November 2015 to 29 January 2016

12. There have been no level 3 or level recommendations implemented in this period.

Recommendations Not Implemented by due date at 29 January 2016

13. As of 29 January 2016, there are no recommendations reported in Covalent as not being implemented in accordance with their agreed due dates.

Risk Analysis

14.

Risk	Likelihood	Impact	Mitigating actions
The issues highlighted in the internal audit reports are not acted upon	1 Action is already being taken towards the implementation of the recommendations contained in the reports.	2 There would be varying levels of impact from non-implementation of recommendations given the significance of the control risks identified.	Internal audit reports are followed up to ensure compliance. There are escalation procedures in the event of non compliance

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

FINAL REPORTS ISSUED	07 November 2015 to 29 January 2016
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ref	Audit 2015/16	2015/16 potential days	IA Risk assessment 2015/16	Final Report Issued	Days Taken	Recommendations Made					Audit Opinion
						No.	Risk Level				
						total	4	3	2	1	
01 KF	Budgets	5	2	11/01/16	4	0	0	0	0	0	substantial
04 KF	Council Tax	3	3	03/12/15	3	0	0	0	0	0	substantial
10 KF	Main Accounting Systems	3	3	16/12/15	3	0	0	0	0	0	substantial
11 KF	NNDR	3	3	19/11/15	2	1	0	0	1	0	substantial
18 O	Communication	15	3	21/12/15	17	2	0	0	2	0	substantial
26 O	Housing Repairs Service	15	4	23/11/15	15	3	0	1	2	0	adequate
29 O	Housing Stores	15	4	20/11/15	15	5	0	0	5	0	adequate
						11	0	1	10	0	
						total	4	3	2	1	

Internal Audit Programme 2015/16 - Reviewed October 2015										
ref	Audit	2015/16 potential days	qtr	IA Risk 2015/16	Started	Draft	Final	Days Taken	Status	Comment
01 KF	Budgets	5	2	2	23/11/15	11/01/16	11/01/16	4	final	
02 KF	Cash & Bank	10	1	3	23/06/15	23/11/15		10	draft	
03 KF	Contracts & Procurement	10	2	4	06/08/15			13	planning	
04 KF	Council Tax	3	3	3	15/10/15	03/12/15	03/12/15	3	final	
05 KF	Creditors	5	4	3	23/11/15			1	planning	
06 KF	Fraud (non-corporate)	0	3	3	carried forward to 2016/17					
07 KF	Housing Benefits and LCTS	10	4	3				0		
08 KF	Housing Rents	10	4	3				0		
09 KF	Income, Fees & Charges	5	2	2	07/07/15	21/07/15	26/08/15	6	final	
10 KF	Main Accounting Systems	3	4	3	23/11/15	16/12/15	16/12/15	3	final	
11 KF	NNDR	3	3	3	15/10/15	19/11/15	19/11/15	2	final	
12 KF	Payroll	10	2	3	15/10/15			8	testing	
13 KF	Recovery	0	4	3	carried forward to 2016/17			0		
14 KF	Taxation	2	3	2	15/10/15			1	planning	
15 KF	Asset Management	p		1				0		
16 KF	Treasury Management	0		1	carried forward to 2016/17			0		
17 O	Business Continuity	0	3	3	carried forward to 2016/17			1	planning	
18 O	Communication	15	2	3	10/07/15	17	21/12/15	17	final	
19 O	Community Health & Fitness	10	1	2	01/05/15	8	20/07/15	8	final	
20 O	Corporate Governance & AGS	10	1	3	19/05/15	4	24/09/15	4	final	
21 O	Elections	0	4	3	carried forward to 2016/17			0		
22 O	Electoral Registration	0	4	3	carried forward to 2016/17			0		
23 O	Env Health - Imported Food Controls	12	1	3	27/04/15	14	09/07/15	14	final	
24 O	Homelessness	10	3	3	02/12/15	0		0	planning	
25 O	Housing Allocations	10	3	3	02/12/15	1		1	planning	
26 O	Housing Repairs Service	15	2	4	24/07/15	15	23/11/15	15	final	
27 O	Housing Right to Buy	10	1	2	02/06/15	11	16/09/15	11	final	
28 O	Housing Stock & Voids	12	1	3	14/04/15	11	16/09/15	11	final	

29 O	Housing Stores	15	2	4	27/07/15	15	20/11/15	15	final		
30 O	ICT	10	3	3	02/12/15	0		0	planning		
31 O	Information Management & Security	15	1	3	06/04/15	18	14/08/15	18	final		
32 O	Members' Allowances & Expenses	0	4	3	carried forward to 2016/17			0			
33 O	Partnerships	0	4	3	carried forward to 2016/17			0			
34 O	Section 106 Obligations	10	1	2	17/06/15	9	20/08/15	9	final		
35 O	Street Services - Fleet & Fuel Mgt	30	2	4	20/07/15	32		32	testing		
36 O	Street Services - Trade Waste	10	3	3	02/12/15	8		8	testing		
37 O	Risk Management	10	1	2	17/06/15	10	06/08/15	10	final		
38 O	Performance Management	p	4	2		0		0			
39 O	Equality & Diversity	0	3	4	carried forward to 2016/17			0			
40 O	Car Parking Partnership (NEPP)	10	3	3	23/11/15	9		9	testing		
41 O	Enforcement	p		2		0		0			
42 O	Facilities Management	p		2		0		0			
43 O	Grants & External Funding received	p		3		0		0			
44 O	HR	p		3		0		0			
45 O	Insurance	p		3		0		0			
46 O	Licensing	10		3	21/12/15	6		6	planning		
47 O	Museum	p		3		0		0			
TOTAL AUDIT DAYS		300	Potential days						240	Days taken to date	

Committee: Performance & Audit Committee

Agenda Item

Date: 11 February 2016

7

Title: Internal Audit Work Programme 2016/17

**Author: Sheila Bronson
Internal Audit Manager
01799 510610**

Item for decision

Summary

1. The purpose of this report is to present to Members the details of the proposed Internal Audit work areas for 2016/17.

Recommendations

2. That Members approve the proposed Internal Audit work areas for 2016/17 and consider any additional areas for Internal Audit work during in 2016/17.

Financial Implications

3. None. There are no costs associated with the recommendations.

Background Papers

None.

Impact

- 4.

Communication/Consultation	The Internal Audit Work Programme 2016/17 referred to in this report has been agreed with Corporate Management Team at its meeting 27 January 2016
Community Safety	none
Equalities	none
Health and Safety	none
Human Rights/Legal Implications	none
Sustainability	none
Ward-specific impacts	none
Workforce/Workplace	none

Situation

5. Internal Audit is part of the Council's corporate governance framework. Corporate governance is defined as the system by which local authorities direct and control their functions. The requirement for adequate and effective Internal Audit is statutory for all local authorities.
6. With effect from 1 April 2013, the work of Uttlesford District Council's (UDC) Internal Audit is governed by the UK Public Sector Internal Audit Standards (PSIAS) which have replaced the CIPFA Code of Practice for Internal Audit in the UK. The PSIAS require that there must be a risk-based internal audit plan that takes into account the requirement to produce an annual internal audit opinion and assurance framework and the plan must be reviewed and approved by senior management (CMT) and the board (Performance & Audit Committee).
7. In 2011/12 we adopted the methodology of a rolling programme of risk based internal audit work to meet requirements and resources during the year.

Internal Audit Work Areas 2016/17

8. The rolling programme of Internal Audit work for 2016/17 will subject to regular review and updating half-yearly and at any other time as necessary.
9. The available audit days have been calculated on the resources of:
 - 1 x Audit Manager
 - 1 x FT Internal Auditor
 - 1 x 0.67 FTE Internal Auditor
10. The initial Internal Work Programme for 2016/17 is calculated on the allocation of audit days calculated as follows:

total days available	697
(262 working days x 2.67 officers)	
Less - leave provisions	-122
annual leave	76
bank holidays	16
sick leave	15
study leave	15
Less Non-audit time	-131
audit admin, management, planning, U-perform, training, CPD etc	
Total available Productive Time	444
Less - Non-specific productive audit work	-145
contribution to corporate management	33
consultancy & general advice	28
committee & members related	15
fraud related	25
irregularity provision	20
follow-up	8
residual 2015/16 audit work	10
Other e.g. External Audit, corporate training	6

Days available for Programmed Audit Work 2016/17 **299**

11. The 2016/17 programme audit work is risk based as far as is possible; our priorities for audits are:

1. Corporate Plan Actions / Corporate & Strategic Risks / Key Performance Indicators;

2. Key Financials –statutory audits;
 3. Internal Audit identified high risk areas;
 4. Specifically requested risk areas or services;
 5. Audits carried forward from the 2015/16 plan;
 6. Overdue audits from the strategic plan.
12. The areas currently under consideration for audit work throughout 2016/17 are detailed in the Internal Audit Work Programme at Appendix A(i) and crossed referenced to the corresponding 2016- 2021 Corporate Plan (draft) and/or the most recent Corporate Risks Register (qtr2 of 2015/16 at the time of preparation of this report).
13. The key financial and other areas included in the Strategic Programme are reviewed annually. The 2016/17 Strategic Programme is reproduced in Appendix A(ii).
14. Once Corporate Plan & Directorate Plan Actions & Risks 2016/17 have been confirmed, the Internal Audit Work Programme for the first 6 months of 2016/17 will be agreed with the Corporate Management Team and presented to the next meeting of this Committee along with the Internal Audit Strategy 2016/17
15. All revisions to the programme will be reported to the Committee through Internal Audit Progress Reports.

Risk Analysis

16.

Risk	Likelihood	Impact	Mitigating actions
The Council does not provide for an adequate and effective internal audit function	1 Internal Audit function is an integral part of the Council	3 Statutory requirement, adverse External Auditor comment	Strategic audit programme approved by Senior Officers and Members, reconciled to available audit resource
The Council's audit environment changes and available audit resource is no longer sufficient	2 No spare capacity if unforeseen long term absence of staff	2 Review of audit plan leading to reduction of audit coverage. Potential shared / joint working agreements with neighbouring authorities	Regular monitoring and highlighting potential shortfall

- 1 = Little or no risk or impact
- 2 = Some risk or impact – action may be necessary.
- 3 = Significant risk or impact – action required
- 4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Internal Audit Programme 2016-17 & qtr planning - January 2016 (initial)												
ref		2016/17 potential days	IA Risk assessment 2016/17	corp. plan 2016-21	corp. risks qtr2 2015/16	KPIs qtr2 2015/16	comment	last audited	2015/16 opinion	2014/15 opinion	previous opinion	
01 KF	Asset Management	10	3	16-CP 01 a,b,c&d	15-CR 02 4			2013/14			substantial	
02 KF	Cash & Bank	5	4	16-CP 01 a,b,c&d	15-CR 02 4		follow up	2015/16	limited	substantial	adequate	
03 KF	Creditors	5	3	16-CP 01 a,b,c&d	15-CR 02 4	KPI01 G	dependent on 2015/16 opinion	2015/16	tbc	adequate	substantial	
04 KF	Fraud (non-corporate)	10	3	16-CP 02 f	15-CR 02 4		b/f from 2015/16 (new audit area)					
05 KF	Income, Fees & Charges	10	3	16-CP 01 a,b,c&d	15-CR 02 4		Corp Priority	2015/16	substantial		adequate	
06 KF	NNDR	10	3	16-CP 01 a,b,c&d; 16-CP 02 d	15-CR 02 6	KPI03 A	Corp Priority (2015/16 - reduced scope)	2015/16	substantial	substantial	substantial	
07 KF	Payroll	10	3	16-CP 01 a,b,c&d	15-CR 02 4			2015/16	tbc	substantial		
08 KF	Recovery	10	3	16-CP 01 a,b,c&d; 16-CP 02 d	15-CR 02 4		b/f from 2015/16	2014/15		substantial	substantial	
09 KF	Treasury Management	5	3	16-CP 01 a,b,c&d	15-CR 02 4		b/f from 2015/16 (service changes)	2014/15		substantial	n/a	
10 KF	Value for Money	10	4	16-CP 01 c			new audit - corp plan					
11 KF	Budgets	1	1	16-CP 01 a,b,c&d	15-CR 02 4			2015/16	substantial		substantial	
12 KF	Contracts & Procurement (incl Housing)	1	1	16-CP 01 c	15-CR 02 4		dependent on 2015/16 opinion	2015/16	tbc		substantial	
13 KF	Council Tax	1	1	16-CP 01 a,b,c&d	15-CR 02 4	KPI05 G	2015/16 - reduced scope	2015/16	substantial	substantial	substantial	
14 KF	Housing Benefits and LCTS	1	3	16-CP 01 a,b,c&d; 16-CP 02 d	15-CR 02 4	KPI04 G; KPI 06a A; KPI 06b R	dependent on 2015/16 opinion	2015/16	tbc	substantial	substantial	
15 KF	Housing Rents	1	3	16-CP 01 a,b,c&d; 16-CP 02 d	15-CR 02 4	KPI16 G	dependent on 2015/16 opinion	2015/16	tbc	substantial	substantial	
16 KF	Main Accounting System	1	1	16-CP 01 a,b,c&d	15-CR 02 4		2015/16 - reduced scope	2015/16	substantial	substantial	substantial	
17 KF	Taxation	1	1	16-CP 01 a,b,c&d	15-CR 02 4		dependent on 2015/16 opinion	2015/16	tbc	substantial	n/a	
18 O	Business Continuity	10	4		15-SR 01 6		b/f from 2015/16	2012/13			adequate	
19 O	Conservation & Trees	10	3	16-CP 03 e	15-CR 17 6		staff / service changes	2012/13			substantial	
20 O	Corporate Governance & AGS	5	4	16-CP 02 f	15-CR 07 3; 15-CR 12 16		AGS only?	2015/16	n/a	substantial	n/a	
21 O	Customer Service Centre	10	3	16-CP 02 d&f				2012/13			adequate	
22 O	Elections	10	3	16-CP 02 f			b/f from 2015/16	2008/09			adequate	
23 O	Electoral Registration	10	3	16-CP 02 f			b/f from 2015/16	2013/14			substantial	
24 O	Enforcement	10	2	16-CP 03 e	15-CR 16 4			2012/13			adequate	
25 O	Facilities Management	10	3	16-CP 02 e				2013/14			adequate	
26 O	Grants & Awards (made)	10	4	16-CP 01 c			staff / service changes	2012/13			adequate	
27 O	Grants & External Funding received	10	4	16-CP 01 b&d	15-CR 15 9		new audit					
28 O	Housing & Health - Community Health	5	3	16-CP 02 a; c&e			CMT request	2015/16	substantial			
29 O	Housing & Health - Environmental Health - various tbc	10	3	16-CP 02 d				2013/14			adequate	
30 O	Housing & Health - Equality & Diversity incl Access to Services	10	4	16-CP 02 e				2012/13			limited	
31 O	Housing & Health - Services for Older People	10	3	16-CP 01 a&c; 16-CP 02 d				2014/15		substantial	adequate	
32 O	Housing & Health - Stock & Voids	5	3	16-CP 01 a&c; 16-CP 02 d	15-CR 02 6	KPI08 R	voids turnaround	2015/16	substantial		substantial	
33 O	HR	10	3	16-CP 01 a&d;		KPI07a G; KPI07b R	employee sickness management	2014/15		adequate	substantial	
34 O	Insurance	10	4	16-CP 01 a&c;				2012/13			adequate	
35 O	Legal Services	10	3				staff / service changes	2012/13			substantial	
36 O	Local Land Charges	10	3	16-CP 01 a&c; 16-CP 02 d			staff / service changes	2013/14			adequate	
37 O	Mailroom & Reprographics	10	3	16-CP 01 b				2012/13			adequate	
38 O	Members' Allowances & Expenses	10	4	16-CP 01 a; 16-CP 02 f			b/f from 2015/16	2010/11			adequate	
39 O	Partnerships	10	4	16-CP 02 a; 16-CP 04 b	15-CR 03 6; 15-CR 11 9		b/f from 2015/16	2013/14			substantial	
40 O	Street Services - Income Generating Services	10	4	16-CP 01 a&c; 16-CP 02 d				2012/13			n/a	
41 O	Car Parking Partnership (NEPP)	1	3	16-CP 01 c; 16-CP 04 e	15-CR 05 6		dependent on 2015/16 opinion	2015/16	tbc	adequate	adequate	
42 O	Economic Development Service	0	3	16-CP 04 b	15-CR 09 3			2014/15		substantial		
43 O	Housing & Health - Health & Safety	0	3	16-CP 02 c&e		KPI09 R		2014/15		adequate	adequate	
44 O	Leisure - Day Centres	0	3				new audit					
45 O	Leisure - PFI	0	3	16-CP 01 c; 16-CP 02 c&e				2014/15		substantial	substantial	
46 O	Licensing	1	3	16-CP 01 a&c; 16-CP 02 d			dependent on 2015/16 opinion	2015/16	tbc		adequate	
47 O	Museum	0	3				new storage facility	2012/13			adequate	
48 O	Performance Management	0	3	16-CP 01 a&c; 16-CP 02 f				2013/14			adequate	
49 O	Planning - Housing Strategy	0	4	16-CP 02 a; 16-CP 03 a	15-CR 04 6; 15-CR 19 6			2011/12			adequate	
50 O	Planning - Local Plan	0	3				new audit					
51 O	Street Services - Fleet & Fuel Management and Transport Maintenan	2	3	16-CP 01 a&c; 16-CP 02 d			dependent on 2015/16 opinion	2015/16	tbc		adequate	
52 O	Street Services - Trade Waste	2	3	16-CP 01 a&c; 16-CP 02 d			dependent on 2015/16 opinion	2015/16	tbc		adequate	
53 O	Street Services - Waste & Recycling	2	3	16-CP 01 a&c; 16-CP 02 d		KPI 14 A; KPI 15 R		2014/15		adequate	adequate	
		315										

Strategic Programme 2016-17 January 2016

AUDIT	2016/17 potential days	2016/17 programme (initial)	IA Risk assessment 2016/17	corp. plan 2016-21	corp. risks qtr2 2015/16	KPIs qtr2 2015/16	comment	last audited	2015/16 opinion	2014/15 opinion	previous opinion	IA Risk assessment 2015/16
K Asset Management	10	y	3	16-CP 01 a,b,c&d	15-CR 02 4			2013/14			substantial	1
K Budgets	1	p	1	16-CP 01 a,b,c&d	15-CR 02 4			2015/16	substantial		substantial	2
K Cash & Bank	5	y	4	16-CP 01 a,b,c&d	15-CR 02 4		follow up	2015/16	limited	substantial	adequate	3
K Contracts & Procurement (incl Housing)	1	p	1	16-CP 01 c	15-CR 02 4		dependent on 2015/16 opinion	2015/16	tb		substantial	4
K Council Tax	1	p	1	16-CP 01 a,b,c&d	15-CR 02 4	KPI05 G	2015/16 - reduced scope	2015/16	substantial	substantial	substantial	3
K Creditors	5	y	3	16-CP 01 a,b,c&d	15-CR 02 4	KPI01 G	dependent on 2015/16 opinion	2015/16	tb	adequate	substantial	3
K Fraud (non-corporate)	10	y	3	16-CP 02 f	15-CR 02 4		b/f from 2015/16 (new audit area)					3
K Housing Benefits and LCTS	1	p	3	16-CP 01 a,b,c&d; 16-CP 02 d	15-CR 02 4	KPI04 G;KPI 06a A; KPI 06b R	dependent on 2015/16 opinion	2015/16	tb	substantial	substantial	3
K Housing Rents	1	p	3	16-CP 01 a,b,c&d; 16-CP 02 d	15-CR 02 4	KPI16 G	dependent on 2015/16 opinion	2015/16	tb	substantial	substantial	3
K Income, Fees & Charges	10	y	3	16-CP 01 a,b,c&d	15-CR 02 4		Corp Priority	2015/16	substantial		adequate	2
K Main Accounting System	1	p	1	16-CP 01 a,b,c&d	15-CR 02 4		2015/16 - reduced scope	2015/16	substantial	substantial	substantial	3
K NNDR	10	y	3	16-CP 01 a,b,c&d; 16-CP 02 d	15-CR 02 6	KPI03 A	Corp Priority (2015/16 - reduced scope)	2015/16	substantial	substantial	substantial	3
K Payroll	10	y	3	16-CP 01 a,b,c&d	15-CR 02 4			2015/16	tb	substantial		3
K Recovery	10	y	3	16-CP 01 a,b,c&d; 16-CP 02 d	15-CR 02 4		b/f from 2015/16	2014/15		substantial	substantial	3
K Taxation	1	p	1	16-CP 01 a,b,c&d	15-CR 02 4		dependent on 2015/16 opinion	2015/16	tb	substantial	n/a	2
K Treasury Management	5	y	3	16-CP 01 a,b,c&d	15-CR 02 4		b/f from 2015/16 (service changes)	2014/15		substantial	n/a	1
K Value for Money	10	y	4	16-CP 01 c			new audit - corp plan					
Building Control Service and Fees			1	16-CP 03 b				2014/15		substantial	substantial	1
Business Continuity	10	y	4		15-SR 01 6		b/f from 2015/16	2012/13			adequate	3
Car Parking Partnership (NEPP)	1	p	3	16-CP 01 c; 16-CP 04 e	15-CR 05 6		dependent on 2015/16 opinion	2015/16	tb	adequate	adequate	3
Communication			1	16-CP 02 a	15-CR 06 6			2015/16	substantial			3
Community Safety			2	16-CP 02 c&e				2014/15		substantial	substantial	1
Conservation & Trees	10	y	3	16-CP 03 e	15-CR 17 6		staff / service changes	2012/13			substantial	1
Corporate Governance & AGS	5	y	4	16-CP 02 f	15-CR 07 3; 15-CR 12 16		AGS only?	2015/16	n/a	substantial	n/a	3
Customer Service Centre	10	y	3	16-CP 02 d&f				2012/13			adequate	3
Democratic Services			1				new audit					
Economic Development Service	0	p	3	16-CP 04 b	15-CR 09 3			2014/15		substantial		1
Elections	10	y	3	16-CP 02 f			b/f from 2015/16	2008/09			adequate	3
Electoral Registration	10	y	3	16-CP 02 f			b/f from 2015/16	2013/14			substantial	3
Emergency Planning			2		15-SR 02 2			2015/16	tb		adequate	2
Energy Efficiency			2	16-CP 03 d	15-CR 15 9			2012/13			adequate	2
Enforcement	10	y	2	16-CP 03 e	15-CR 16 4			2012/13			adequate	2
Facilities Management	10	y	3	16-CP 02 e				2013/14			adequate	2
Grants & Awards (made)	10	y	4	16-CP 01 c			staff / service changes	2012/13			adequate	3
Grants & External Funding received	10	y	4	16-CP 01 b&d	15-CR 15 9		new audit					2
Housing & Health - Allocations			3	16-CP 01 a; 16-CP 02 d				2015/16	tb		substantial	3
Housing & Health - Community Health	5	y	3	16-CP 02 a; c&e			CMT request	2015/16	substantial			2
Housing & Health - Anti-Social Behaviour			2	16-CP 02 c&e				2014/15		substantial	substantial	1
Housing & Health - Safeguarding												
Housing & Health - Disabled Facilities Grants			1	16-CP 01 c				2014/15		substantial	substantial	1
Housing & Health - Environmental Health - Imported Food Controls			1	16-CP 02 d				2015/16	adequate			3
Housing & Health - Environmental Health - various tbc	10	y	3	16-CP 02 d				2013/14			adequate	1
Housing & Health - Equality & Diversity incl Access to Services	10	y	4	16-CP 02 e				2012/13			limited	4
Housing & Health - Health & Safety	0	p	3	16-CP 02 c&e		KPI09 R		2014/15		adequate	adequate	2
Housing & Health - Homelessness			3	16-CP 01 a; 16-CP 02 d				2015/16	tb		adequate	3
Housing & Health - Rent Deposit Scheme			2	16-CP 01 a&c; 16-CP 02 d				2014/15		substantial	limited	1
Housing & Health - Repairs Service			2	16-CP 01 a&c; 16-CP 02 d	15-CR 02 6			2015/16	adequate		adequate	4
Housing & Health - Right to Buy			2	16-CP 01 a&c; 16-CP 02 d				2015/16	adequate	substantial	limited	2
Housing & Health - Services for Older People	10	y	3	16-CP 01 a&c; 16-CP 02 d				2014/15		substantial	adequate	2
Housing & Health - Stock & Voids	5	y	3	16-CP 01 a&c; 16-CP 02 d	15-CR 02 6	KPI08 R	voids turnaround	2015/16	substantial		substantial	3
Housing & Health - Stores			2	16-CP 01 c				2015/16	adequate			4
HR	10	y	3	16-CP 01 a&d;		KPI07a G; KPI07b R	employee sickness management	2014/15		adequate	substantial	3
ICT			3	16-CP 01 a,c&d;	15-CR 06 6			2015/16	tb		substantial	3
Information Management & Security			2	16-CP 02 f	15-CR 07 3			2015/16	adequate		adequate	3
Insurance	10	y	4	16-CP 01 a&c;				2012/13			adequate	1
Legal Services	10	y	3				staff / service changes	2012/13			substantial	1
Leisure - Day Centres	0	p	3				new audit					
Leisure - PFI	0	p	3	16-CP 01 c; 16-CP 02 c&e				2014/15		substantial	substantial	3
Licensing	1	p	3	16-CP 01 a&c; 16-CP 02 d			dependent on 2015/16 opinion	2015/16	tb		adequate	3
Local Land Charges	10	y	3	16-CP 01 a&c; 16-CP 02 d			staff / service changes	2013/14			adequate	2
Mailroom & Reprographics	10	y	3	16-CP 01 b				2012/13			adequate	2
Members' Allowances & Expenses	10	y	4	16-CP 01 a; 16-CP 02 f			b/f from 2015/16	2010/11			adequate	3
Museum	0	p	3				new storage facility	2012/13			adequate	3
Partnerships	10	y	4	16-CP 02 a; 16-CP 04 b	15-CR 03 6; 15-CR 11 9		b/f from 2015/16	2013/14			substantial	3
Performance Management	0	p	3	16-CP 01 a&c; 16-CP 02 f				2013/14			adequate	1
Planning - Development Management, Support & Advice			2	16-CP 03 a,b&d		KPI11 G;KPI12 A;KPI13 G		2014/15		substantial	adequate	1
Planning - Housing Strategy	0	p	4	16-CP 02 a; 16-CP 03 a	15-CR 04 6; 15-CR 19 6			2011/12			adequate	1
Planning - Local Plan	0	p	3				new audit					
Risk Management			2	16-CP 01 a&c; 16-CP 02 f				2015/16	substantial		substantial	2
Section 106 Obligations			1	16-CP 03 a,b&d				2015/16	substantial		adequate	2
Street Services - Fleet & Fuel Management and Transport Maintenance	2	p	3	16-CP 01 a&c; 16-CP 02 d			dependent on 2015/16 opinion	2015/16	tb		adequate	4
Street Services - Grounds Maintenance			2	16-CP 01 a&c; 16-CP 02 d				2014/15		adequate	adequate	3
Street Services - Highway Ranger Services			2	16-CP 02 c&d				2014/15		adequate	n/a	3
Street Services - Income Generating Services	10	y	4	16-CP 01 a&c; 16-CP 02 d				2012/13			n/a	2
Street Services - Management & Admin			3	16-CP 01 a&c; 16-CP 02 d				2012/13			n/a	2
Street Services - Street Cleaning			2	16-CP 01 a&c; 16-CP 02 d				2014/15		adequate	substantial	3
Street Services - Trade Waste	2	p	3	16-CP 01 a&c; 16-CP 02 d			dependent on 2015/16 opinion	2015/16	tb		adequate	3
Street Services - Waste & Recycling	2	p	3	16-CP 01 a&c; 16-CP 02 d		KPI 14 A; KPI 15 R		2014/15		adequate	adequate	2
Training			2					2014/15		adequate	n/a	2
	315											

Committee: Performance and Audit

Agenda Item

Date: 11 February 2016

8

Title: Quarter 3 Performance 2015/16

Author: Richard Auty, Assistant Director Corporate Services Item for information

Summary

1. This report presents the Q3 results for all quarterly Key Performance Indicators and Performance Indicators.

Recommendations

2. None

Financial Implications

3. There are no financial implications associated with this report.

Background Papers

4. None

Impact

- 5.

Communication/Consultation	None
Community Safety	None
Equalities	None beyond service improvement on the equality and diversity performance indicators
Health and Safety	None beyond service improvement on the health and safety performance indicators
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

6. Overall performance in Quarter 3 of 2015/16 (1 October 2015 to 31 December 2015) is improved on both Quarter 2 and the equivalent quarter in 2014/15.
7. Since Quarter 2 2015/16 the number of red indicators has decreased from nine to four and the number of green indicators has increased from 16 to 20. There is one more amber indicator in Quarter 3 than in Quarter 2.
8. Compared to the same quarter last year, there are five fewer red indicators, one more amber indicator and four more green indicators.
9. Of the four red indicators this quarter, three are Key Performance Indicators. However, two of these have shown improvement since Quarter 2 (KPI 08 - re-let time for void properties and KPI 15 – missed bins). A comprehensive note is provided for the remaining indicator (KPI 09 – RIDDOR reportable accidents).

Risk Analysis

10.

Risk	Likelihood	Impact	Mitigating actions
That performance indicators will not meet quarterly/ annual targets	2 – The majority of Performance Indicators perform on or above target	3 – In some areas the risk of not meeting targets could impact on areas such as customer satisfaction and statutory adherence to government led requirements	Performance is monitored by CMT and the committee on a quarterly basis. Inclusion of five quarters of data helps identify trends.

1 = Little or no risk or impact

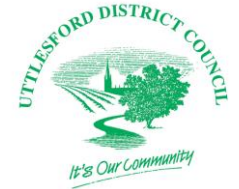
2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

2015/16 Quarter 3 KPI & PI Data Report

Report Author: Tülay Norton
Generated on: 29 January 2016



PI Status	
	This PI is more than 10% below target.
	This PI is between 0.01 and 10% below target.
	This PI is on target.

Example indicator	
50%	This is the latest result
	This is the status
50%	This is the target.

* Cumulatively monitored

Quarterly targets for these indicators have been profiled

Key Performance Indicators

Directorate Corporate Services


























PI Code & Short Name	Q3 2014/15	Q4 2014/15	Q1 2015/16	Q2 2015/16	Q3 2015/16	Latest Note
KPI 01 % of supplier invoices paid within 30 days of receipt by the Council (Max)	95.56%	95.56%	100.00%	98.33%	96.67%	Q3 2015/16 Numerator: 174 Denominator: 180 = 96.67%. Performance was above target and better than the equivalent performance last year.
	95.00%	95.00%	96.00%	96.00%	96.00%	
KPI 03 Percentage of Non-domestic Rates Collected (Max) *	86.76%	99.44%	25.70%	52.58%	80.02%	Q3 2015/16 Numerator : 35,612,146 Denominator: 44,502,985.89 = 80.02%. Collection rate is down on this quarter. This is due to one of the biggest ratepayers in the district having a further split in their rateable value assessment which has pushed their instalment plan back again to the 1st January 2016 this further assessment split continues to skew the collection rate but by the end of quarter four this will have righted itself, provided instalment payments
	88.00%	98.00%	29.00%	57.00%	85.00%	

PI Code & Short Name	Q3 2014/15	Q4 2014/15	Q1 2015/16	Q2 2015/16	Q3 2015/16	Latest Note
						are made as promised.
KPI 04 Accuracy of processing - HB/CTB claims (Max)	98.57%	98.58%	99.78%	99.78%	99.26%	Q3 2015/16 403 claims checked. 3 financial errors identified giving an accuracy of 99.26%.
	98.00%	98.00%	98.00%	98.00%	98.00%	
KPI 05 % of Council Tax collected (Max) *	86.95%	98.86%	30.33%	58.57%	86.94%	Q3 2015/16 Numerator : 45,000,408.40 Denominator: 51,759,371.55 = 86.94%. Collection rate is on target for end of year.
	87.00%	98.00%	29.00%	57.00%	85.00%	
KPI 06a Time taken to process Housing Benefit/Council Tax Benefit new claims (Min)	21.8	22.2	21.4	19.9	24.5	Q3 2015/16 This quarter there were 150 Housing Benefit new claims taking 3,278 days to process. There were also 216 new claims to Local Council Tax Support taking 5,685 days to process. This is a total of 366 days taking 8,963 days to process; a rounded average time to process of 24.5 days. The increase in average days taken is a direct result of new and inexperienced staff requiring training and the Housing Benefit 2014/15 final subsidy claim requiring prioritisation.
	22.0	22.0	24.0	24.0	24.0	
KPI 06b Time taken to process Housing Benefit/Council Tax Benefit change events (Min)	6.5	7.1	8.7	8.8	8.2	Q3 2015/16 This quarter there were 2,426 Housing Benefit changes of circumstances taking 22,529 days to process. There were also 2,905 changes of circumstance to Local Council Tax Support taking 21,021 days to process. This is a total of 5,331 days taking 43,550 days to process; a rounded average time to process of 8.2 days. This is an improvement on Q2 but there is still an impact from the continued Real Time Information (RTI) project and streamlining of processes, along with new and inexperienced staff and the Housing Benefit 2014/15 final subsidy claim requiring prioritisation.
	8.0	8.0	8.0	8.0	8.0	
KPI 07a Average number of days lost per employee through short-term sickness absence (Min)	New PI for 2015/16		0.80	1.78	3.07	Q3 2015/16 Numerator: 460 Denominator: 358 = 1.28 days lost due to sickness for this quarter. Cumulative Numerator: 1083.5 Denominator: 353 = 3.07 days per member of staff for the year to date.
			1.75	3.50	5.25	
KPI 07b Average number of days lost per employee through long-term sickness absence (Min)	New PI for 2015/16		0.00	58.00	29.00	Q3 2015/16 Numerator: 87 Denominator: 3 = average of 29 days off work for the three long term sick cases this quarter. All three employees are back at work with one being

PI Code & Short Name	Q3 2014/15	Q4 2014/15	Q1 2015/16	Q2 2015/16	Q3 2015/16	Latest Note
			45.00	45.00	45.00	on a phased return.
KPI 16 Rent collected as percentage of rent owed (including arrears b/f) (Max) *	95.58%	96.60%	90.21%	94.39%	95.64%	Q3 2015/16 Numerator: £3,762,769.38 Denominator: £4,274,985.77 (88.02%). Cumulative Numerator: £11,443,444.38 Denominator: £11,964,993.31 Cumulative: 95.64%. This PI remains on target.
	94.55%	96.50%	88.50%	93.55%	94.55%	











Directorate Public Services

PI Code & Short Name	Q3 2014/15	Q4 2014/15	Q1 2015/16	Q2 2015/16	Q3 2015/16	Latest Note
KPI 08 Average re-let time in days (General Needs only)	12	18	19	26	16	Q3 2015/16 Performance has improved significantly but is still not meeting target. There have been two cases this quarter where void periods have been longer than anticipated due to circumstances beyond the control of the Council; one homelessness case and one where there were issues with the update of the utilities meter. Investigations are being carried out to see how turn-around times can be improved further.
	18	18	12	12	12	
KPI 09 Number of accidents that are reportable under RIDDOR (Min)	1	1	0	1	2	Q3 2015/16 Two RIDDOR reported in November 2015, both in Street Services. An Operative turned ankle over in a pothole. Although off work 7+ days, a consultant at A&E stated that the type of safety boots being worn had prevented a serious fracture injury. These boots were introduced specifically for this purpose. The second RIDDOR was an operative who got his finger caught in the hoist clamp used to secure bins to hoist. He admitted he had been careless and was not paying attention. In both cases the HSE was informed. Trend is again significantly down on last year's RIDDORS which is very positive, although accident levels are approximately the same. This is a result of more accurate reporting and a willingness to report the more minor incidents and near misses, which were previously not always captured. Again these statistics indicate that the work place has become safer with fewer serious injuries; the majority of reported accidents at work have no work absence attached to them. This time last year there were 5 RIDDOR reports. This year there are 3.
	0	0	0	0	0	











PI Code & Short Name	Q3 2014/15	Q4 2014/15	Q1 2015/16	Q2 2015/16	Q3 2015/16	Latest Note
KPI 11 Processing of planning applications: Major applications (within 13 weeks or including any agreed extension of time) (Max)	52.94%	80.00%	91.67%	90.00%	82.35%	Q3 2015/16 Numerator: 8 Denominator: 12 = 66.67% Cumulative Numerator: 28 Denominator: 34 = 82.35%. Quarterly target achieved.
						
	60.00%	60.00%	60.00%	60.00%	60.00%	
KPI 12 Processing of planning applications: Minor applications (within 8 weeks or including any agreed extension of time) (Max)	87.74%	83.75%	83.53%	79.09%	85.86%	Q3 2015/16 Numerator: 85 Denominator: 99 = 85.86%. Cumulative Numerator: 243 Denominator: 294 = 82.65%. Quarterly target achieved.
						
	80.00%	80.00%	80.00%	80.00%	80.00%	
KPI 13 Processing of planning applications: Other applications (within 8 weeks or including any agreed extension of time) (Max)	94.60%	93.75%	91.30%	92.48%	92.13%	Q3 2015/16 Numerator: 246 Denominator: 267 = 92.13%. Cumulative Numerator: 793 Denominator: 862 = 92%. Quarterly target achieved.
						
	82.00%	82.00%	82.00%	82.00%	82.00%	
KPI 14 Percentage of household waste sent for reuse, recycling and composting (LAA) (Max)	51.48%	49.93%	52.78%	52.34%	52.00%	Q3 2015/16 ESTIMATE Final value will only be available in mid-February. We have to wait until then for complete information from all of our recycling customers. The result given is an estimate based on October and November actuals and an estimate for December. The result for Q3 is affected by lower composting levels during winter.
						
	53.88%	51.05%	52.96%	56.77%	53.04%	
KPI 15 Number of return visits to collect bins that have been missed on the first visit (per 100,000 collections) (Min)	79	118	177	319	138	Q3 2015/16 Numerator 1,287 (Missed Bins) Denominator 936,000 (Collections) x 100,000 = 138. Significant decrease on the last quarter. Routes and rounds have taken time to bed in since removing the shuttle system. Reduced sickness levels have helped. Collection rate for Q3 is 99.86%.
						
	40	40	40	40	40	

Performance Indicators

Directorate Chief Executive

PI Code & Short Name	Q3 2014/15	Q4 2014/15	Q1 2015/16	Q2 2015/16	Q3 2015/16	Latest Note
PI 06 % of standard searches carried out in 10 working days (Max)	99.68%	100%	100%	100%	100%	Q3 2015/16 Numerator: 243 Denominator: 243. Team managed to maintain good performance this quarter.
						
	100%	100%	100%	100%	100%	
PI 21 % of minutes from meetings made available to the public within 10 working days (Max)	96%	100%	94%	88%	85%	Q3 2015/16 Numerator: 17 Denominator: 20 = 85%. Performance off target this quarter in respect of three sets of minutes for differing reasons: one instance of late production of minutes was attributable to the need to give priority to electoral registration canvass, one set of minutes was produced in time but publication date depended on an external body; and one set of minutes was awaiting lead officer comments which were not received until after 10 days had elapsed.
						
	95%	95%	95%	95%	95%	

Directorate Corporate Services

PI Code & Short Name	Q3 2014/15	Q4 2014/15	Q1 2015/16	Q2 2015/16	Q3 2015/16	Latest Note
PI 02 Average time to pay supplier invoices (Min)	13.9	13.4	11.5	12.1	12.4	Q3 2015/16 Numerator: 2,228 Denominator: 180 = 12.4. Performance is slightly below target due to timing delays in invoices being received by finance.
						
	12.0	12.0	12.0	12.0	12.0	
PI 03 % of sundry debt income overdue (debts over 90 days old not subject to a payment agreement) (Min)	4.5%	.8%	.3%	2.9%	0%	Q3 2015/16 As at 1 January 2016, total outstanding sundry debt was £201,814.76 none of which was over 90 days old.
						
	5.0%	5.0%	4.5%	4.5%	4.5%	

PI Code & Short Name	Q3 2014/15	Q4 2014/15	Q1 2015/16	Q2 2015/16	Q3 2015/16	Latest Note
PI 20 % of IT help Desk calls resolved within target (Max)	97.42%	96.05%	97.34%	97.18%	97.84%	Q3 2015/16 Numerator: 1,677 Denominator: 1,714 = 97.84%.
	90.00%	90.00%	93.00%	93.00%	93.00%	
PI 22 Museum users: Total visitors to the museum building and on-site events (Max) #	3,095	3,232	4,925	4,457	2,951	Q3 2015/16 Visitor numbers 5% below target, due mainly to decline in school visits in November after Learning Officer left. Museum service exploring alternative arrangement for delivering taught sessions. Cumulative 12,333.
	3,300	3,500	3,400	4,000	3,100	
PI 39 Number of written customer complaints against leisure centre usage (Min)	1	1	2	2	1	Q3 2015/16 One complaint received and resolved by 1Life
	2	2	2	2	2	

Directorate Public Services

PI Code & Short Name	Q3 2014/15	Q4 2014/15	Q1 2015/16	Q2 2015/16	Q3 2015/16	Latest Note
PI 16 Number of households living in temporary accommodation (CI 19 & NI 156) (Min)	16	20	19	22	17	Q3 2015/16 Council owned accommodation = 11 cases. Emergency B&B / shared accommodation placements = 6. Temporary Accommodation being managed.
	15	15	17	17	17	
PI 17 Number of service users who are supported to establish and maintain independent living	1,213	1,221	1,213	1,208	1,195	Q3 2015/16 Numbers of sheltered scheme residents are down pending the re-development of 2 large schemes. Officers continue to promote the lifeline service by doing presentations to clubs and groups in the district.
	1,300	1,300	1,250	1,250	1,250	
PI 19 Percentage of accidents that are investigated within 10 working days of the accident (Max)	93%	93%	100%	100%	100%	Q3 2015/16 100% compliance. Increased awareness of timescales and training to supervisors and managers has assisted with compliance.
	100%	100%	100%	100%	100%	

PI Code & Short Name	Q3 2014/15	Q4 2014/15	Q1 2015/16	Q2 2015/16	Q3 2015/16	Latest Note
PI 24a Planning appeals allowed for major applications (Min)	.0%	.0%	25.0%	100.0%	0%	Q3 2015/16 Numerator: 0 Denominator: 1 = 0%. Cumulative Numerator: 2 Denominator: 6 = 33.33% Single major appeal dismissed; perfect record for quarter.
PI 24b Planning appeals allowed for minor applications (Min)	30.0%	30.0%	30.0%	30.0%	30.0%	Q3 2015/16 Numerator: 0 Denominator: 5 = 0%. Cumulative Numerator: 4 Denominator: 14 = 28.57% All Minor appeals dismissed; perfect record for quarter.
	20.0%	6.3%	33.0%	50.0%	0%	
PI 24c Planning appeals allowed for other applications (Min)						Q3 2015/16 Numerator: 1 Denominator: 4 = 25%. Cumulative Numerator: 5 Denominator: 12 = 41.67% Quarterly performance on target.
	45.0%	45.0%	45.0%	45.0%	45.0%	
PI 24d Appeals allowed for enforcement notices (Min)	100.0%	.0%	.0%	.0%	0%	Q3 2015/16 Numerator: 0 Denominator: 1 = 0%. Cumulative Numerator: 2 Denominator: 9 = 22.22% Single enforcement appeal dismissed perfect performance in quarter. Annual performance on target.
PI 30 % planning applications validated within 5 days (Max)	30.0%	30.0%	30.0%	30.0%	30.0%	Q3 2015/16 Numerator: 398 Denominator: 402 = 99%. Cumulative Numerator: 1,221 Denominator: 1,239 = 98.55 %.
	98%	98%	99%	98%	99%	
PI 40 Number of subscribers to garden waste collection service (Max)	90%	90%	90%	90%	90%	Q3 2015/16 Fewer residents take up the service this time of year.
	New PI for 2015/16		5,100	5,100	5,110	
			5,050	5,320	5,360	

Committee: Performance and Audit

Agenda Item

Date: 11 February 2016

9

Title: Quarter 3 Corporate Risk Register 2015/16

Author: Richard Auty, Assistant Director Corporate Services

Item for information

Summary

1. This report presents the Corporate Risk Register as at the end of quarter 3 2015/16 (1 October to 31 December).

Recommendations

2. None

Financial Implications

3. There are no financial implications associated with this report.

Background Papers

4. None

Impact

- 5.

Communication/Consultation	The Risk Register is discussed and updated by the Corporate Management Team at least quarterly.
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Situation

6. Appendix B is the council's Corporate Risk Register as approved by Full Council in February alongside the Corporate Plan. It continues the approach of identifying the key risks associated with delivering the council's main strategic objectives.
7. Appendix A details those risks which have changed since Quarter 2.
8. The current version of the Corporate Risk Register notes in particular the uncertainties surrounding local government finances in the coming years.

Risk Analysis

9.

Risk	Likelihood	Impact	Mitigating actions
That the council does not effectively monitor the risks it faces in delivering its corporate aims and objectives	1 – The register was created, and regularly monitored, by the Corporate Management Team	3 – If mitigating actions are not identified and acted upon, then there could be serious consequences for the delivery of services	Each corporate action and associated risk is owned by a member of the Corporate Management Team. Colleagues provide challenge and discussion regularly to ensure steps are being taken to reduce the likelihood and/or impact of those risks.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

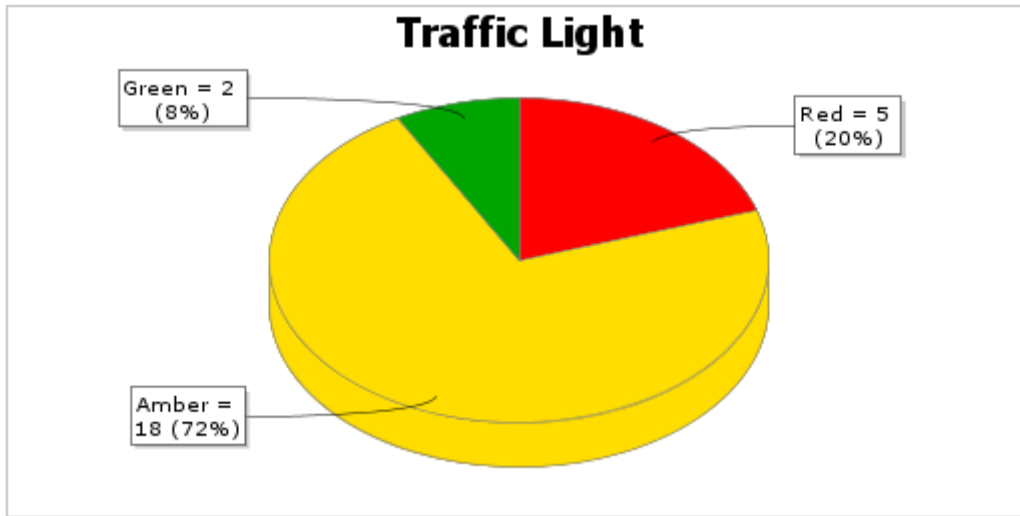
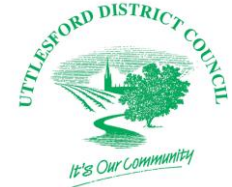
4 = Near certainty of risk occurring, catastrophic effect or failure of project.

Corporate & Strategic Risks 2015/16 Changes Quarter 2 to Quarter 3



Risk Code & Title	Q2 Risk Impact	Q2 Risk Likelihood	Q2 Risk Score	Q3 Risk Impact	Q3 Risk Likelihood	Q3 Risk Score	Revised Mitigating Action
15-CR 02 External factors impact negatively on Council's finances	2	2	4	3	4	12	No change
15-CR 06 The Council does not demonstrate how consultation responses have been taken into account	3	2	6	3	2	6	Some members of the Constitution Working Group are working together to look at wider issues of community engagement
15-CR 15 Eco programme deadlines cannot be met and grant funding becomes unavailable	3	3	9	3	2	6	No change



Corporate & Strategic Risk Register 2015-16 - Quarter 3




Report Type: Risks Report
Report Author: Tülay Norton
Generated on: 29 January 2016









Risk Code & Title	Risk Description	Original Risk Impact	Original Risk Likelihood	Current Impact	Current Likelihood	Current Risk Score	Current Risk Traffic Light Icon	Target Risk Impact	Target Risk Likelihood	Latest Note	Mitigating Actions	Managed By
15-CR 01 Insufficient progress against savings	The council does not make sufficient progress against savings targets identified in the MTFS to achieve the necessary	2	1	1	1	1	✔	3	1	Following the announcement of the New Homes Bonus consultation in June a revised MTFS will be prepared in the	A Corporate Team was established in 2010. Savings to date exceed £2.5m. The team addresses quality issues as well as	Adrian Webb




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	savings.									Autumn. Any savings required will be set out at that time.	trying to achieve savings.	
15-CR 02 External factors impact negatively on Council's finances	External factors, such as the reforms to local government finance, negatively impact on Council's finances	2	3	3	4	12		2	3	Changes in New Homes Bonus following the current consultation will have a negative impact on the Council's finances	Work with local and government to understand and implement post general election changes to core external funding such as New Homes Bonus and Business Rates Retention	Adrian Webb
15-CR 03 Decisions made by the LSP do not inform Council Policy	The Council staffs and hosts the LSP but decisions made by the LSP do not inform Council Policy	3	3	3	2	6		2	2	LSP Board has been dissolved. Appropriate staff support for working groups has been identified.	Review the effectiveness and value for money of our engagement with partners, the voluntary sector and the community. Continue to review the working of the LSP to ensure it meets the needs of the council, its partners and the community rather than just itself. Ensure that LSP matters are	Roger Harborough


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											championed by Cabinet members so that the Council determines the LSP agenda and takes responsibility for outcomes	
15-CR 04 Local Plan	Failure to meet objectively assessed housing need and identify suitable deliverable sites	3	2	3	2	6		3	2	Issues and Options consultation responses being analysed and report for PPWG to be prepared. Additional DtC meetings to be reported to PPWG.	Complete SHMA, carry out Duty to Cooperate process with authorities across the housing market area, neighbouring councils and strategic bodies and issue new call for sites. New member working group established to steer process.	Roger Harborough
15-CR 05 External contracts	Contracts with third parties do not benefit the Council & Community financially	3	2	3	2	6		3	1	Second contract management meeting with Viridor to be held 19 January.	Robust evaluation of contract bids. Once new contracts in place, proactive monitoring of contracts to ensure appropriate implementation	Roger Harborough



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15-CR 06 The Council does not demonstrate how consultation responses have been taken into account	The Council does not demonstrate how consultation responses have been taken into account when formulating policy	3	3	3	2	6		3	1	There had been little progress but the chairman of the Constitution Working Group has now taken on responsibility to progress this work.	Some members of the Constitution Working Group are working together to look at wider issues of community engagement	Roger Harborough
15-CR 07 Failure to embed sound Equality & Diversity, H&S & Corporate Governance principles	Failure to embed sound equality & diversity, health & safety and corporate governance principles throughout the authority, which would make it difficult to then promote these ideals to the community	3	1	3	1	3		3	1	Equality Objectives progress report prepared. Recommendations need to be considered by Cabinet.	The Health & Safety officer previously shared with Harlow DC is now a full-time UDC employee. Regular training and updates are given to all relevant staff and the Council continues its partnership arrangements with South Cambs DC regarding equality and diversity	Roger Harborough
15-CR 08 Little money available for Highways improvements	Highways Panel unable to deliver expectations owing to ECC financial constraints	2	3	2	3	6		2	3	Progress report with assessments for potential schemes to be considered by Highways Panel on 19 January	Targeted improvements in district due to local member involvement in Highways Panel/Locality	Roger Harborough



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										including prioritisation of potential 2016-17 schemes.	Board	
15-CR 09 Inability to implement the economic strategy	Inability to implement the economic strategy which could lead to a failure to support existing businesses and attract new investment	3	1	3	2	6		3	1	Superfast Essex seeking firm expression of interest in UDC providing financial support to expand superfast coverage. Modelling required before impact can be determined, but modelling will not be carried out without funding commitment. Option to withdraw if modelling does not show anticipated benefit.	Implement the economic strategy in conjunction with local business representatives, West Essex partners and allocate budget to support this work	Roger Harborough
15-CR 10 Adverse impact from reform of council tax benefits	The reform of council tax benefits will adversely impact some people currently in receipt of benefits	2	2	2	2	4		2	2	LCTS scheme to remain the same for 2016/17. Current caseload is lower than this time last year	Resource and implement the Council's annual Local Council Tax Support Policy	Adrian Webb


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15-CR 11 Partner organisations unable to provide sufficient resources	Partner organisations unable to provide sufficient resources in times of austerity to implement new strategies	3	4	3	3	9		3	2	Briefing for all members to be held 11 January but significant risks around outcome of New Homes Bonus consultation, which will not be known until June.	New arrangements with partner authorities will need to be increasingly challenged and focused on prioritised needs and value for money	Roger Harborough
15-CR 12 Range of services provided by the Council is too broad	Range of services provided by the Council is too broad to allow necessary focus	4	4	4	4	16		4	2	Significant uncertainty about resources available in 2017-18 and subsequent years.	As resources diminish the Council will need to regularly review its' priorities and its' form and function as a provider of commissioner services	Roger Harborough
15-CR 13 Shared service delivery model	Partner organisations unable or unwilling to sign-up to shared service delivery model	2	3	2	2	4		2	2	Uttlesford remains part of the planned Essex Building Control partnership and the Council continues to explore other sharing arrangements	Continue to work with those organisations who already share UDC assets i.e. ECC. Parish Councils and voluntary sector	Adrian Webb
15-CR 14 Neighbourhood plans	Local communities do not have adequate	2	3	2	2	4		2	2	Further neighbourhood plan areas designated:	Strategic Initiative Fund allocation to fund resources to	Roger Harborough


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	resources to develop neighbourhood plans									Felsted, Thaxted.	support communities in preparing plans and getting them adopted	
15-CR 15 Eco programme deadlines cannot be met and grant funding becomes unavailable	Changes to government eco programme mean deadlines cannot be met and grant funding becomes unavailable	3	3	3	2	6		3	3	Large programme of installations on housing stock commenced in December. Government has confirmed external funding will be available for installations completed by end of March 2016. Installations on museum store and vehicle workshop now complete.	Pursue external funding opportunities for external wall insulation programme; smart procurement	Roger Harborough
15-CR 16 Potential breaches of planning control	Council is not made aware of potential breaches of planning control	2	2	2	2	4		2	1	Given the size of the district and the available resources the enforcement team is almost entirely reactive and depends upon reports being received from the public	Parish councils act as an important communications channel for reporting potential breaches, and this function is encouraged	Michael Perry
15-CR 17 Improving Aspirations outstrip available		2	3	2	3	6		2	3	No significant progress with	Pursue external funding	Roger Harborough





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heritage assets	resources to improve heritage assets									Tilty Mill Need to re-tender contract for west and north curtain walls at Walden Castle due to non-compliance with Public Contract Regulations in relation to below threshold.	opportunities	
15-CR 18 Partners' agendas (for economic prosperity) are not aligned	All partners' agendas (for economic prosperity) are not aligned and what is delivered for the wider area is not in the best interest of the Uttlesford district	2	2	3	2	6		2	2	Constructive discussions continue with government. Consultation with members, business communities and partners using the working draft will take place in Q4 to run alongside and feed into the programme of discussions with government. Full council decision will be needed once the deal has been negotiated. That decision is anticipated in 2016-17. Governance arrangements	Engage strongly in LSCC, West Essex Alliance (and through West Essex Alliance seek to influence the Greater Essex Business Board and SELEP), GCGP LEP and Essex Integrated Growth Forum to promote Uttlesford's interests	Roger Harborough

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										include provision for Growth Area Boards.		
15-CR 19 Aspirations of airport owners conflict with the council's views	Aspirations of airport owners conflict with the council's views on appropriate development and with community interests	3	3	3	2	6		3	2	Government has commissioned further work relating to the Davies report recommendations .	Seek to influence the airports policy of the new Government informed by the Davies Commission final report recommendations . Work with the airport owners to agree environmental impact mitigation measures, particularly the surface access strategy	Roger Harborough
15-SR 01 Disruption of Council business	Disruption of council business caused by: loss of building, widespread staff absence, extreme weather conditions	3	2	3	2	6		3	2	New, simplified, business continuity template has been developed and is being trialled in selected service areas.	Ensure that emergency plans are in place to provide frontline services. Maintain regular engagement in emergency planning activities, close liaison with county council and regular communication with residents.	Michael Perry

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											Ensure relevant HR policies are in place and understood	
15-SR 02 Major emergency at the airport	Major emergency at the airport e.g. due to plane crash, terrorism etc.	2	1	2	1	2		2	1	A joint emergency planning exercise with Stansted Airport is scheduled for November	Ensure that emergency plans are in place and that there is regular liaison with airport operator and engagement in emergency planning activities	Michael Perry
15-SR 03 Refugee crisis	Public expectation that the council will be sole provider of accommodation for refugees. Risk of insufficient accommodation or displacement of people on housing waiting list.	2	2	2	2	4		1	2	Officers have been briefed on Essex experience of December phase of programme delivery. Two specific Uttlesford properties to be entered onto Home Office system for matching with vulnerable person households by UNHCR. Availability of support to address their	Council will work with other agencies to coordinate community response.	Roger Harborough

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										specific needs will need to be confirmed for transfers to occur.		
15-SR 04 Greater Essex devolution	See below for sub-risks											Roger Harborough
15-SR 04 (a) UDC fails to sign up to devolution	The Council fails to sign up to the devolution deal, becoming overlooked by the Combined Authority and resulting in loss of influence and investment opportunities for the District's social, environmental and amenity infrastructure	3	3	3	3	9		1	1	Proposal continues to be developed and refined. Constructive discussions continue with government. Consultation with members, business communities and partners using the working draft will take place in Q4 to run alongside and feed into the programme of discussions with government. Full council decision will be needed once the deal has	The Council joins the Combined Authority	Roger Harborough

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										been negotiated. That decision is anticipated in 2016-17.		
15-SR 04 (b) Loss of sovereignty and control	In joining the Combined Authority the Council over time loses sovereignty and control of its strategic growth policies and becomes an agency of the Combined Authority	3	2	3	2	6		1	1	Governance arrangements being developed, which include provision for Growth Area Boards.	Ensure that the Council is fully aware of the consequences before committing to the Combined Authority. Accept that in a world of diminishing resources some change in local governance is both desirable and inevitable	Roger Harborough

Risk Status	
	Alert
	High Risk
	Warning
	OK